

CERTIFICATION OF ENROLLMENT

**ENGROSSED SECOND SUBSTITUTE SENATE BILL 6140**

Chapter 56, Laws of 2002

(partial veto)

57th Legislature  
2002 Regular Session

**REGIONAL TRANSPORTATION INVESTMENT DISTRICTS**

EFFECTIVE DATE: 6/13/02

Passed by the Senate March 14, 2002  
YEAS 34 NAYS 14

BRAD OWEN

**President of the Senate**

Passed by the House March 14, 2002  
YEAS 64 NAYS 33

FRANK CHOPP

**Speaker of the  
House of Representatives**

CERTIFICATE

I, Tony M. Cook, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE SENATE BILL 6140** as passed by the Senate and the House of Representatives on the dates hereon set forth.

TONY M. COOK

**Secretary**

Approved March 21, 2002, with the exception of section 504, which is vetoed.

FILED

March 21, 2002 - 10:44 a.m.

GARY LOCKE

**Governor of the State of Washington**

**Secretary of State  
State of Washington**

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ENGROSSED SECOND SUBSTITUTE SENATE BILL 6140

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AS AMENDED BY THE HOUSE

Passed Legislature - 2002 Regular Session

State of Washington                      57th Legislature                      2002 Regular Session

By Senate Committee on Transportation (originally sponsored by Senators McDonald, Prentice, Horn, Eide, Johnson, Finkbeiner, Patterson, Shin, Benton, Kastama, Costa, McAuliffe, Rossi, Long, Roach, Zarelli and Oke)

READ FIRST TIME 01/24/2002.

1            AN ACT Relating to the creation of regional transportation  
2 investment districts; amending RCW 81.104.140, 47.56.075, 82.14.050,  
3 81.100.010, 81.100.030, 81.100.060, 82.80.030, 82.80.070, and  
4 82.80.080; reenacting and amending RCW 47.05.021 and 43.84.092; adding  
5 new sections to chapter 47.05 RCW; adding a new section to chapter  
6 47.17 RCW; adding a new section to chapter 47.56 RCW; adding a new  
7 section to chapter 82.14 RCW; adding a new section to chapter 82.32  
8 RCW; adding new sections to chapter 82.80 RCW; adding a new chapter to  
9 Title 36 RCW; and creating new sections.

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

11            **I.    CREATION OF REGIONAL TRANSPORTATION INVESTMENT DISTRICT**

12            NEW SECTION.    **Sec. 101.**    FINDINGS.    The legislature finds that:

13            (1) The capacity of many of Washington state's transportation  
14 facilities have failed to keep up with the state's growth, particularly  
15 in major urban regions;

16            (2) The state cannot by itself fund, in a timely way, many of the  
17 major capacity and other improvements required on highways of statewide  
18 significance in the state's largest urbanized area;

1 (3) Providing a transportation system that provides efficient  
2 mobility for persons and freight requires a shared partnership and  
3 responsibility between the state, local, and regional governments and  
4 the private sector; and

5 (4) Timely construction and development of significant  
6 transportation improvement projects can best be achieved through  
7 enhanced funding options for governments at the county and regional  
8 levels, using already existing tax authority to address roadway and  
9 multimodal needs and new authority for regions to address critical  
10 transportation projects of statewide significance.

11 NEW SECTION. **Sec. 102.** DEFINITIONS. The definitions in this  
12 section apply throughout this chapter unless the context clearly  
13 requires otherwise.

14 (1) "Board" means the governing body of a regional transportation  
15 investment district.

16 (2) "Department" means the Washington state department of  
17 transportation.

18 (3) "Highway of statewide significance" means an existing or  
19 proposed state route or federal interstate designated as a highway of  
20 statewide significance by the transportation commission, its successor  
21 entity, or the legislature.

22 (4) "Lead agency" means a public agency that by law can plan,  
23 design, and build a transportation project and has been so designated  
24 by the district.

25 (5) "Regional transportation investment district" or "district"  
26 means a municipal corporation whose boundaries are coextensive with two  
27 or more contiguous counties and that has been created by county  
28 legislative authorities and a vote of the people under this chapter to  
29 implement a regional transportation investment plan.

30 (6) "Regional transportation investment district planning  
31 committee" or "planning committee" means the advisory committee created  
32 under section 103 of this act to create and propose to county  
33 legislative authorities a regional transportation investment plan to  
34 develop, finance, and construct transportation projects.

35 (7) "Regional transportation investment plan" or "plan" means a  
36 plan to develop, construct, and finance a transportation project or  
37 projects.

38 (8) "Transportation project" means:

1 (a) A capital improvement or improvements to a highway that has  
2 been designated, in whole or in part, as a highway of statewide  
3 significance, including an extension, that:

4 (i) Adds a lane or new lanes to an existing state or federal  
5 highway; or

6 (ii) Repairs or replaces a lane or lanes damaged by an event  
7 declared an emergency by the governor before January 1, 2002.

8 (b) A capital improvement or improvements to all or a portion of a  
9 highway of statewide significance, including an extension, and may  
10 include the following associated multimodal capital improvements:

11 (i) Approaches to highways of statewide significance;

12 (ii) High-occupancy vehicle lanes;

13 (iii) Flyover ramps;

14 (iv) Park and ride lots;

15 (v) Bus pullouts;

16 (vi) Vans for vanpools;

17 (vii) Buses; and

18 (viii) Signalization, ramp metering, and other transportation  
19 system management improvements.

20 (c) A capital improvement or improvements to all or a portion of a  
21 city street, county road, or existing highway or the creation of a new  
22 highway that intersects with a highway of statewide significance, if  
23 all of the following conditions are met:

24 (i) The project is included in a plan that makes highway  
25 improvement projects that add capacity to a highway or highways of  
26 statewide significance;

27 (ii) The secretary of transportation determines that the project  
28 would better relieve traffic congestion than investing that same money  
29 in adding capacity to a highway of statewide significance;

30 (iii) Matching money equal to one-third of the total cost of the  
31 project is provided by local entities, including but not limited to a  
32 metropolitan planning organization, county, city, port, or private  
33 entity in which a county participating in a plan is located. Local  
34 entities may use federal grants to meet this matching requirement;

35 (iv) In no case may the cumulative regional transportation  
36 investment district contribution to all projects constructed under this  
37 subsection (8)(c) exceed ten percent of the revenues generated by the  
38 district;

1 (v) In no case may the cumulative regional transportation  
2 investment district contribution to all projects constructed under this  
3 subsection (8)(c) exceed one billion dollars; and

4 (vi) The specific projects are included within the plan and  
5 submitted as part of the plan to a vote of the people.

6 (d) Operations, preservation, and maintenance are excluded from  
7 this definition and may not be included in a regional transportation  
8 investment plan.

9 (9) "Weighted vote" means a vote that reflects the population each  
10 board or planning committee member represents relative to the  
11 population represented by the total membership of the board or planning  
12 committee. Population will be determined using the federal 2000 census  
13 or subsequent federal census data.

14 NEW SECTION. Sec. 103. PLANNING COMMITTEE FORMATION. Regional  
15 transportation investment district planning committees are advisory  
16 entities that are created, convened, and empowered as follows:

17 (1) A county with a population over one million five hundred  
18 thousand persons and any adjoining counties with a population over five  
19 hundred thousand persons may create a regional transportation  
20 investment district and shall convene a regional transportation  
21 investment district planning committee.

22 (2) The members of the legislative authorities participating in  
23 planning under this chapter shall serve as the district planning  
24 committee. Members of the planning committee receive no compensation,  
25 but may be reimbursed for travel and incidental expenses as the  
26 planning committee deems appropriate.

27 The secretary of transportation, or the appropriate regional  
28 administrator of the department, as named by the secretary, shall serve  
29 on the committee as a nonvoting member.

30 (3) A regional transportation investment district planning  
31 committee may be entitled to state funding, as appropriated by the  
32 legislature, for start-up funding to pay for salaries, expenses,  
33 overhead, supplies, and similar expenses ordinarily and necessarily  
34 incurred in selecting transportation projects and funding for those  
35 transportation projects under this chapter. Upon creation of a  
36 regional transportation investment district, the district shall within  
37 one year reimburse the state for any sums advanced for these start-up  
38 costs from the state.

1 (4) The planning committee shall conduct its affairs and formulate  
2 a regional transportation investment plan as provided under section 104  
3 of this act, except that it shall elect an executive board of seven  
4 members to discharge the duties of the planning committee and formulate  
5 a regional transportation investment plan, subject to the approval of  
6 the full committee.

7 (5) At its first meeting, a regional transportation investment  
8 district planning committee may elect officers and provide for the  
9 adoption of rules and other operating procedures.

10 (6) Governance of and decisions by a regional transportation  
11 investment district planning committee must be by a sixty-percent  
12 weighted majority vote of the total membership.

13 (7) The planning committee may dissolve itself at any time by a  
14 two-thirds weighted majority vote of the total membership of the  
15 planning committee.

16 NEW SECTION. Sec. 104. PLANNING COMMITTEE DUTIES. (1) A regional  
17 transportation investment district planning committee shall adopt a  
18 regional transportation investment plan providing for the development,  
19 construction, and financing of transportation projects. The planning  
20 committee may consider the following factors in formulating its plan:

- 21 (a) Land use planning criteria;  
22 (b) The input of cities located within a participating county; and  
23 (c) The input of regional transportation planning organizations in  
24 which a participating county is located. A regional transportation  
25 planning organization in which a participating county is located shall  
26 review its adopted regional transportation plan and submit, for the  
27 planning committee's consideration, its list of transportation  
28 improvement priorities.

29 (2) The planning committee may coordinate its activities with the  
30 department, which shall provide services, data, and personnel to assist  
31 in this planning as desired by the planning committee. In addition,  
32 the planning committee may coordinate with affected cities, towns, and  
33 other local governments that engage in transportation planning.

34 (3) The planning committee shall:

35 (a) Conduct public meetings that are needed to assure active public  
36 participation in the development of the plan;

37 (b) Adopt a plan proposing the creation of a regional  
38 transportation investment district and recommending the construction of

1 transportation projects to improve mobility. Operations, maintenance,  
2 and preservation of facilities or systems may not be part of the plan;  
3 and

4 (c) Recommend sources of revenue authorized by section 105 of this  
5 act and a financing plan to fund selected transportation projects. The  
6 overall plan of the district must leverage the district's financial  
7 contributions so that the federal, state, local, and other revenue  
8 sources continue to fund major congestion relief and transportation  
9 capacity improvement projects in the district. A combination of local,  
10 state, and federal revenues may be necessary to pay for transportation  
11 projects, and the planning committee shall consider all of these  
12 revenue sources in developing a plan.

13 (4) Before adopting the plan, the planning committee, with  
14 assistance from the department, shall work with the lead agency to  
15 develop accurate cost forecasts for transportation projects. This  
16 project costing methodology must be integrated with revenue forecasts  
17 in developing the plan and must at a minimum include estimated project  
18 costs in constant dollars as well as year of expenditure dollars, the  
19 range of project costs reflected by the level of project design,  
20 project contingencies, identification of mitigation costs, the range of  
21 revenue forecasts, and project and plan cash flow and bond analysis.  
22 The plan submitted to the voters must provide cost estimates for each  
23 project, including reasonable contingency costs. Plans submitted to  
24 the voters must provide that the maximum amount possible of the funds  
25 raised will be used to fund projects in the plan, including  
26 environmental improvements and mitigation, and that administrative  
27 costs be minimized. If actual revenue exceeds actual plan costs, the  
28 excess revenues must be used to retire any outstanding debt associated  
29 with the plan.

30 (5) If a county opts not to adopt the plan or participate in the  
31 regional transportation investment district, but two or more contiguous  
32 counties do choose to continue to participate, then the planning  
33 committee may, within ninety days, redefine the regional transportation  
34 investment plan and the ballot measure to be submitted to the people to  
35 reflect elimination of the county, and submit the redefined plan to the  
36 legislative authorities of the remaining counties for their decision as  
37 to whether to continue to adopt the redefined plan and participate.  
38 This action must be completed within sixty days after receipt of the  
39 redefined plan.

1 (6) Once adopted, the plan must be forwarded to the participating  
2 county legislative authorities to initiate the election process under  
3 section 107 of this act. The planning committee shall at the same time  
4 provide notice to each city and town within the district, the governor,  
5 the chairs of the transportation committees of the legislature, the  
6 secretary of transportation, and each legislator whose legislative  
7 district is partially or wholly within the boundaries of the district.

8 (7) If the ballot measure is not approved, the planning committee  
9 may redefine the selected transportation projects, financing plan, and  
10 the ballot measure. The county legislative authorities may approve the  
11 new plan and ballot measure, and may then submit the revised  
12 proposition to the voters at the next election or a special election.  
13 If no ballot measure is approved by the voters by the third vote, the  
14 planning committee is dissolved.

15 NEW SECTION. **Sec. 105. TAXES AND FEES.** (1) A regional  
16 transportation investment district planning committee may, as part of  
17 a regional transportation investment plan, recommend the imposition of  
18 some or all of the following revenue sources, which a regional  
19 transportation investment district may impose upon approval of the  
20 voters as provided in this chapter:

21 (a) A regional sales and use tax, as specified in section 405 of  
22 this act, of up to 0.5 percent of the selling price, in the case of a  
23 sales tax, or value of the article used, in the case of a use tax, upon  
24 the occurrence of any taxable event in the regional transportation  
25 investment district;

26 (b) A local option vehicle license fee, as specified under section  
27 408 of this act, of up to one hundred dollars per vehicle registered in  
28 the district. As used in this subsection, "vehicle" means motor  
29 vehicle as defined in RCW 46.04.320. Certain classes of vehicles, as  
30 defined under chapter 46.04 RCW, may be exempted from this fee;

31 (c) A parking tax under RCW 82.80.030;

32 (d) A local motor vehicle excise tax under RCW 81.100.060 and  
33 chapter 81.104 RCW;

34 (e) An employer excise tax under RCW 81.100.030; and

35 (f) Vehicle tolls on new or reconstructed facilities. Unless  
36 otherwise specified by law, the department shall administer the  
37 collection of vehicle tolls on designated facilities, and the state



1 transportation commission, or its successor, shall be the tolling  
2 authority.

3 (2) Taxes, fees, and tolls may not be imposed without an  
4 affirmative vote of the majority of the voters within the boundaries of  
5 the district voting on a ballot proposition as set forth in section 107  
6 of this act. Revenues from these taxes and fees may be used only to  
7 implement the plan as set forth in this chapter. A district may  
8 contract with the state department of revenue or other appropriate  
9 entities for administration and collection of any of the taxes or fees  
10 authorized in this section.

11 (3) Existing statewide motor vehicle fuel and special fuel taxes,  
12 at the distribution rates in effect on January 1, 2001, are not  
13 intended to be altered by this chapter.

14 NEW SECTION. **Sec. 106.** PERFORMANCE CRITERIA FOR REGIONAL  
15 TRANSPORTATION PROJECT SELECTION. (1) The planning committee shall  
16 consider the following criteria for selecting transportation projects  
17 to improve corridor performance:

- 18 (a) Reduced level of congestion and improved safety;
- 19 (b) Improved travel time;
- 20 (c) Improved air quality;
- 21 (d) Increases in daily and peak period person and vehicle trip  
22 capacity;
- 23 (e) Reductions in person and vehicle delay;
- 24 (f) Improved freight mobility; and
- 25 (g) Cost-effectiveness of the investment.

26 (2) These criteria represent only minimum standards that must be  
27 considered in selecting transportation improvement projects. The board  
28 shall also consider rules and standards for benchmarks adopted by the  
29 transportation commission or its successor.

30 NEW SECTION. **Sec. 107.** SUBMISSION OF PLAN TO THE VOTERS. Two or  
31 more contiguous county legislative authorities, upon receipt of the  
32 regional transportation investment plan under section 104 of this act,  
33 may certify the plan to the ballot, including identification of the tax  
34 options necessary to fund the plan. County legislative authorities may  
35 draft a ballot title, give notice as required by law for ballot  
36 measures, and perform other duties as required to put the plan before  
37 the voters of the proposed district for their approval or rejection as

1 a single ballot measure that both approves formation of the district  
2 and approves the plan. Counties may negotiate interlocal agreements  
3 necessary to implement the plan. The electorate will be the voters  
4 voting within the boundaries of the participating counties. A simple  
5 majority of the total persons voting on the single ballot measure to  
6 approve the plan, establish the district, and approve the taxes and  
7 fees is required for approval.

8 NEW SECTION. **Sec. 108.** CERTIFICATION OF FORMATION. If the voters  
9 approve the plan, including creation of a regional transportation  
10 investment district and imposition of taxes and fees, the district will  
11 be declared formed. The county election officials of participating  
12 counties shall, within fifteen days of the final certification of the  
13 election results, publish a notice in a newspaper or newspapers of  
14 general circulation in the district declaring the district formed, and  
15 mail copies of the notice to the governor, the secretary of  
16 transportation, and the executive director of the regional  
17 transportation planning organization in which any part of the district  
18 is located. A party challenging the procedure or the formation of a  
19 voter-approved district must file the challenge in writing by serving  
20 the prosecuting attorney of the participating counties and the attorney  
21 general within thirty days after the final certification of the  
22 election. Failure to challenge within that time forever bars further  
23 challenge of the district's valid formation.

24 NEW SECTION. **Sec. 109.** BOARD COMPOSITION. (1) The governing  
25 board of a district consists of the members of the legislative  
26 authority of each member county, acting ex officio and independently.  
27 The secretary of transportation or the appropriate regional  
28 administrator of the department, as named by the secretary, shall also  
29 serve as a nonvoting member of the board. The governing board may  
30 elect an executive board of seven members to discharge the duties of  
31 the governing board subject to the approval of the full governing  
32 board.

33 (2) A sixty-percent majority of the weighted votes of the total  
34 board membership is required to submit to the counties a modified plan  
35 under section 114 of this act or any other proposal to be submitted to  
36 the voters. The counties, may, with majority vote of each county

1 legislative authority, submit a modified plan or proposal to the  
2 voters.

3 NEW SECTION. **Sec. 110.** BOARD ORGANIZATION. The board shall adopt  
4 rules for the conduct of business. The board shall adopt bylaws to  
5 govern district affairs, which may include:

- 6 (1) The time and place of regular meetings;
- 7 (2) Rules for calling special meetings;
- 8 (3) The method of keeping records of proceedings and official acts;
- 9 (4) Procedures for the safekeeping and disbursement of funds; and
- 10 (5) Any other provisions the board finds necessary to include.

11 NEW SECTION. **Sec. 111.** BOARD'S POWERS AND DUTIES. (1) The  
12 governing board of the district is responsible for the execution of the  
13 voter-approved plan. The board shall:

- 14 (a) Impose taxes and fees authorized by district voters;
- 15 (b) Enter into agreements with state, local, and regional agencies  
16 and departments as necessary to accomplish district purposes and  
17 protect the district's investment in transportation projects;
- 18 (c) Accept gifts, grants, or other contributions of funds that will  
19 support the purposes and programs of the district;
- 20 (d) Monitor and audit the progress and execution of transportation  
21 projects to protect the investment of the public and annually make  
22 public its findings;
- 23 (e) Pay for services and enter into leases and contracts, including  
24 professional service contracts;
- 25 (f) Hire no more than ten employees, including a director or  
26 executive officer, a treasurer or financial officer, a project manager  
27 or engineer, a project permit coordinator, and clerical staff; and
- 28 (g) Exercise other powers and duties as may be reasonable to carry  
29 out the purposes of the district.

30 (2) It is the intent of the legislature that existing staff  
31 resources of lead agencies be used in implementing this chapter. A  
32 district may coordinate its activities with the department, which shall  
33 provide services, data, and personnel to assist as desired by the  
34 regional transportation investment district. Lead agencies for  
35 transportation projects that are not state facilities shall also  
36 provide staff support for the board.

37 (3) A district may not acquire, hold, or dispose of real property.

1 (4) A district may not own, operate, or maintain an ongoing  
2 facility, road, or transportation system.

3 (5) A district may accept and expend or use gifts, grants, or  
4 donations.

5 (6) It is the intent of the legislature that administrative and  
6 overhead costs of a regional transportation investment district be  
7 minimized. For transportation projects costing up to fifty million  
8 dollars, administrative and overhead costs may not exceed three percent  
9 of the total construction and design project costs per year. For  
10 transportation projects costing more than fifty million dollars,  
11 administrative and overhead costs may not exceed three percent of the  
12 first fifty million dollars in costs, plus an additional one-tenth of  
13 one percent of each additional dollar above fifty million. These  
14 limitations apply only to the district, and do not limit the  
15 administration or expenditures of the department.

16 (7) A district may use the design-build procedure for  
17 transportation projects developed by it. As used in this section  
18 "design-build procedure" means a method of contracting under which the  
19 district contracts with another party for that party to both design and  
20 build the structures, facilities, and other items specified in the  
21 contract. The requirements and limitations of RCW 47.20.780 and  
22 47.20.785 do not apply to the transportation projects under this  
23 chapter.

24 NEW SECTION. **Sec. 112.** TREASURER. The regional transportation  
25 investment district, by resolution, shall designate a person having  
26 experience in financial or fiscal matters as treasurer of the district.  
27 The district may designate the treasurer of a county within which the  
28 district is located to act as its treasurer. Such a treasurer has all  
29 of the powers, responsibilities, and duties the county treasurer has  
30 related to investing surplus funds. The district shall require a bond  
31 with a surety company authorized to do business in this state in an  
32 amount and under the terms and conditions the district, by resolution,  
33 from time to time finds will protect the district against loss. The  
34 district shall pay the premium on the bond.

35 In addition to the account established in section 401 of this act,  
36 the treasurer may establish a special account, into which may be paid  
37 district funds. The treasurer may disburse district funds only on

warrants issued by the district upon orders or vouchers approved by the district.

If the treasurer of the district is the treasurer of a county, all district funds must be deposited with a county depository under the same restrictions, contracts, and security as provided for county depositories. If the treasurer of the district is some other person, all funds must be deposited in a bank or banks authorized to do business in this state qualified for insured deposits under any federal deposit insurance act as the district, by resolution, designates.

The district may provide and require a reasonable bond of any other person handling moneys or securities of the district, but the district shall pay the premium on the bond.

**NEW SECTION.** **Sec. 113.** DEBT AND BONDING. The district may borrow money, but may not issue any debt of its own for more than two years' duration. A district may issue notes or other evidences of indebtedness with a maturity of not more than two years. A district may, when authorized by the plan, enter into agreements with the state or lead agencies to pledge taxes or other revenues of the district for the purpose of paying in part or whole principal and interest on bonds issued by the lead agency. The contracts pledging revenues and taxes are binding for the term of the agreement, but not to exceed twenty-five years, and no tax pledged by an agreement may be eliminated or modified if it would impair the pledge of the agreement.

**NEW SECTION.** **Sec. 114.** TRANSPORTATION PROJECT OR PLAN MODIFICATION--ACCOUNTABILITY. (1) A plan may be modified to change transportation projects or revenue sources if:

(a) Two or more participating counties adopt a resolution to modify the plan; and

(b) The counties submit to the voters in the district a ballot measure that redefines the scope of the plan, its projects, its schedule, its costs, or the revenue sources. If the voters fail to approve the redefined plan, the district shall continue to work on and complete the plan, and the projects in it, that was originally approved by the voters. If the voters approve the redefined plan, the district shall work on and complete the projects under the redefined plan.

(2) If a transportation project cost exceeds its original cost by more than twenty percent as identified in the plan:

1 (a) The board shall, in coordination with the county legislative  
2 authorities, submit to the voters in the district a ballot measure that  
3 redefines the scope of the transportation project, its schedule, or its  
4 costs. If the voters fail to approve the redefined transportation  
5 project, the district shall terminate work on that transportation  
6 project, except that the district may take reasonable steps to use,  
7 preserve, or connect any improvement already constructed. The  
8 remainder of any funds that would otherwise have been expended on the  
9 terminated transportation project must first be used to retire any  
10 outstanding debt attributable to the plan and then may be used to  
11 implement the remainder of the plan.

12 (b) Alternatively, upon adoption of a resolution by two or more  
13 participating counties:

14 (i) The counties shall submit to the voters in the district a  
15 ballot measure that redefines the scope of the plan, its transportation  
16 projects, its schedule, or its costs. If the voters fail to approve  
17 the redefined plan, the district shall terminate work on that plan,  
18 except that the district may take reasonable steps to use, preserve, or  
19 connect any improvement already constructed. The remainder of any  
20 funds must be used to retire any outstanding debt attributable to the  
21 plan; or

22 (ii) The counties may elect to have the district continue the  
23 transportation project without submitting an additional ballot proposal  
24 to the voters.

25 (3) To assure accountability to the public for the timely  
26 construction of the transportation improvement project or projects  
27 within cost projections, the district shall issue a report, at least  
28 annually, to the public and copies of the report to newspapers of  
29 record in the district. In the report, the district shall indicate the  
30 status of transportation project costs, transportation project  
31 expenditures, revenues, and construction schedules. The report may  
32 also include progress towards meeting the performance criteria provided  
33 under this chapter.

34 NEW SECTION. **Sec. 115.** STATE DEPARTMENT OF TRANSPORTATION ROLE.

35 (1) The department shall designate an office or division of dedicated  
36 staff and services whose primary responsibility is to coordinate the  
37 design, preliminary engineering, permitting, financing, and  
38 construction of transportation projects under consideration by a

1 regional transportation investment district planning committee or that  
2 are part of a regional transportation investment plan being implemented  
3 by a regional transportation investment district.

4 (2) All of the powers granted the department under Title 47 RCW  
5 relating to highway construction may, at the request of a regional  
6 transportation investment district, be used to implement a regional  
7 transportation investment plan and construct transportation projects.

8 NEW SECTION. **Sec. 116.** STATE OWNS IMPROVEMENTS TO STATE  
9 FACILITIES. Any improvement to a state facility constructed under this  
10 chapter becomes and remains the property of this state.

11 NEW SECTION. **Sec. 117.** DISSOLUTION. Within thirty days of the  
12 completion of the construction of the transportation project or series  
13 of projects forming the regional transportation investment plan, the  
14 district shall terminate day-to-day operations and exist solely as a  
15 limited entity that oversees the collection of revenue and the payment  
16 of debt service or financing still in effect, if any. The district  
17 shall accordingly adjust downward its employees, administration, and  
18 overhead expenses. Any taxes, fees, or tolls imposed under an approved  
19 plan terminate when the financing or debt service on the transportation  
20 project or series of transportation projects constructed is completed  
21 and paid, thirty days from which point the district shall dissolve  
22 itself and cease to exist. If there is no debt outstanding, then the  
23 district shall dissolve within thirty days from completion of  
24 construction of the transportation project or series of transportation  
25 projects forming the regional transportation investment plan. Notice  
26 of dissolution must be published in newspapers of general circulation  
27 within the district at least three times in a period of thirty days.  
28 Creditors must file claims for payment of claims due within thirty days  
29 of the last published notice or the claim is extinguished.

30 NEW SECTION. **Sec. 118.** OTHER REGIONS. The legislature finds that  
31 regional solutions to the state's transportation needs are of paramount  
32 concern. The legislature further recognizes that different areas of  
33 the state will need the flexibility to fashion local solutions to their  
34 transportation problems, and that regional transportation systems may  
35 evolve over time. Areas of the state outside of King, Snohomish, and  
36 Pierce counties are eligible for grants from the state of no more than

1 two hundred thousand dollars each to study and develop regional  
2 transportation models. Regions receiving these grants shall:

3 (1) Develop a model that can be used within their region to select,  
4 fund, and administer regional transportation solutions;

5 (2) Adopt a county resolution approving the model proposed;

6 (3) Form interlocal agreements among counties as appropriate;

7 (4) Report to the transportation committees in the senate and house  
8 of representatives, petitioning the legislature to grant them authority  
9 to implement their proposed model.

## 10 II. JOINT BALLOT WITH RTA

11 NEW SECTION. **Sec. 201.** JOINT BALLOT MEASURE. At the option of  
12 the planning committee, and with the explicit approval of the regional  
13 transit authority, the participating counties may choose to impose any  
14 remaining high capacity transportation taxes under chapter 81.104 RCW  
15 that have not otherwise been used by a regional transit authority and  
16 submit to the voters a common ballot measure that creates the district,  
17 approves the regional transportation investment plan, implements the  
18 taxes, and implements any remaining high capacity transportation taxes  
19 within the boundaries of the regional transportation investment  
20 district. Collection and expenditures of any high capacity  
21 transportation taxes implemented under this section must be determined  
22 by agreement between the participating counties or district and the  
23 regional transit authority electing to submit high capacity  
24 transportation taxes to the voters under a common ballot measure as  
25 provided in this section. If the measure fails, all such unused high  
26 capacity transportation taxes revert back to and remain with the  
27 regional transit authority. A project constructed with this funding is  
28 not considered a "transportation project" under section 102 of this  
29 act.

30 **Sec. 202.** RCW 81.104.140 and 1992 c 101 s 25 are each amended to  
31 read as follows:

32 (1) Agencies authorized to provide high capacity transportation  
33 service, including transit agencies and regional transit authorities,  
34 and regional transportation investment districts acting with the  
35 agreement of an agency, are hereby granted dedicated funding sources  
36 for such systems. These dedicated funding sources, as set forth in RCW



1 81.104.150, 81.104.160, and 81.104.170, are authorized only for  
2 agencies located in (a) each county with a population of two hundred  
3 ten thousand or more and (b) each county with a population of from one  
4 hundred twenty-five thousand to less than two hundred ten thousand  
5 except for those counties that do not border a county with a population  
6 as described under (a) of this subsection. In any county with a  
7 population of one million or more or in any county having a population  
8 of four hundred thousand or more bordering a county with a population  
9 of one million or more, these funding sources may be imposed only by a  
10 regional transit authority or a regional transportation investment  
11 district. Regional transportation investment districts may, with the  
12 approval of the regional transit authority within its boundaries,  
13 impose the taxes authorized under this chapter, but only upon approval  
14 of the voters and to the extent that the maximum amount of taxes  
15 authorized under this chapter have not been imposed.

16 (2) Agencies planning to construct and operate a high capacity  
17 transportation system should also seek other funds, including federal,  
18 state, local, and private sector assistance.

19 (3) Funding sources should satisfy each of the following criteria  
20 to the greatest extent possible:

- 21 (a) Acceptability;
- 22 (b) Ease of administration;
- 23 (c) Equity;
- 24 (d) Implementation feasibility;
- 25 (e) Revenue reliability; and
- 26 (f) Revenue yield.

27 (4) Agencies participating in regional high capacity transportation  
28 system development are authorized to levy and collect the following  
29 voter-approved local option funding sources:

30 (a) Employer tax as provided in RCW 81.104.150, other than by  
31 regional transportation investment districts;

32 (b) Special motor vehicle excise tax as provided in RCW 81.104.160;  
33 and

34 (c) Sales and use tax as provided in RCW 81.104.170.

35 Revenues from these taxes may be used only to support those  
36 purposes prescribed in subsection (10) of this section. Before the  
37 date of an election authorizing an agency to impose any of the taxes  
38 enumerated in this section and authorized in RCW 81.104.150,  
39 81.104.160, and 81.104.170, the agency must comply with the process

1 prescribed in RCW 81.104.100 (1) and (2) and 81.104.110. No  
2 construction on exclusive right of way may occur before the  
3 requirements of RCW 81.104.100(3) are met.

4 (5) Authorization in subsection (4) of this section shall not  
5 adversely affect the funding authority of transit agencies not provided  
6 for in this chapter. Local option funds may be used to support  
7 implementation of interlocal agreements with respect to the  
8 establishment of regional high capacity transportation service. Except  
9 when a regional transit authority exists, local jurisdictions shall  
10 retain control over moneys generated within their boundaries, although  
11 funds may be commingled with those generated in other areas for  
12 planning, construction, and operation of high capacity transportation  
13 systems as set forth in the agreements.

14 (6) Agencies planning to construct and operate high capacity  
15 transportation systems may contract with the state for collection and  
16 transference of voter-approved local option revenue.

17 (7) Dedicated high capacity transportation funding sources  
18 authorized in RCW 81.104.150, 81.104.160, and 81.104.170 shall be  
19 subject to voter approval by a simple majority. A single ballot  
20 proposition may seek approval for one or more of the authorized taxing  
21 sources. The ballot title shall reference the document identified in  
22 subsection (8) of this section.

23 (8) Agencies shall provide to the registered voters in the area a  
24 document describing the systems plan and the financing plan set forth  
25 in RCW 81.104.100. It shall also describe the relationship of the  
26 system to regional issues such as development density at station  
27 locations and activity centers, and the interrelationship of the system  
28 to adopted land use and transportation demand management goals within  
29 the region. This document shall be provided to the voters at least  
30 twenty days prior to the date of the election.

31 (9) For any election in which voter approval is sought for a high  
32 capacity transportation system plan and financing plan pursuant to RCW  
33 81.104.040, a local voter's pamphlet shall be produced as provided in  
34 chapter 29.81A RCW.

35 (10) Agencies providing high capacity transportation service shall  
36 retain responsibility for revenue encumbrance, disbursement, and  
37 bonding. Funds may be used for any purpose relating to planning,  
38 construction, and operation of high capacity transportation systems and

1 commuter rail systems, personal rapid transit, busways, bus sets, and  
2 entrained and linked buses.

3                   **III. HIGHWAYS OF STATEWIDE SIGNIFICANCE**

4           **Sec. 301.** RCW 47.05.021 and 1998 c 245 s 95 and 1998 c 171 s 5 are  
5 each reenacted and amended to read as follows:

6           LEGISLATURE MAY DESIGNATE HIGHWAYS OF STATEWIDE SIGNIFICANCE. (1)  
7 The transportation commission is hereby directed to conduct periodic  
8 analyses of the entire state highway system, report thereon to the  
9 chairs of the transportation committees of the senate and house of  
10 representatives, including one copy to the staff of each of the  
11 committees, biennially and based thereon, to subdivide, classify, and  
12 subclassify according to their function and importance all designated  
13 state highways and those added from time to time and periodically  
14 review and revise the classifications into the following three  
15 functional classes:

16           (a) The "principal arterial system" shall consist of a connected  
17 network of rural arterial routes with appropriate extensions into and  
18 through urban areas, including all routes designated as part of the  
19 interstate system, which serve corridor movements having travel  
20 characteristics indicative of substantial statewide and interstate  
21 travel;

22           (b) The "minor arterial system" shall, in conjunction with the  
23 principal arterial system, form a rural network of arterial routes  
24 linking cities and other activity centers which generate long distance  
25 travel, and, with appropriate extensions into and through urban areas,  
26 form an integrated network providing interstate and interregional  
27 service; and

28           (c) The "collector system" shall consist of routes which primarily  
29 serve the more important intercounty, intracounty, and intraurban  
30 travel corridors, collect traffic from the system of local access roads  
31 and convey it to the arterial system, and on which, regardless of  
32 traffic volume, the predominant travel distances are shorter than on  
33 arterial routes.

34           (2) In making the functional classification the transportation  
35 commission shall adopt and give consideration to criteria consistent  
36 with this section and federal regulations relating to the functional  
37 classification of highways, including but not limited to the following:

1 (a) Urban population centers within and without the state  
2 stratified and ranked according to size;

3 (b) Important traffic generating economic activities, including but  
4 not limited to recreation, agriculture, government, business, and  
5 industry;

6 (c) Feasibility of the route, including availability of alternate  
7 routes within and without the state;

8 (d) Directness of travel and distance between points of economic  
9 importance;

10 (e) Length of trips;

11 (f) Character and volume of traffic;

12 (g) Preferential consideration for multiple service which shall  
13 include public transportation;

14 (h) Reasonable spacing depending upon population density; and

15 (i) System continuity.

16 (3) The transportation commission or the legislature shall  
17 designate state highways of statewide significance under RCW  
18 47.06.140(~~(7~~and)). If the commission designates a state highway of  
19 statewide significance, it shall submit a list of such facilities for  
20 adoption by the ((1999)) legislature. This statewide system shall  
21 include at a minimum interstate highways and other statewide principal  
22 arterials that are needed to connect major communities across the state  
23 and support the state's economy.

24 (4) The transportation commission shall designate a freight and  
25 goods transportation system. This statewide system shall include state  
26 highways, county roads, and city streets. The commission, in  
27 cooperation with cities and counties, shall review and make  
28 recommendations to the legislature regarding policies governing weight  
29 restrictions and road closures which affect the transportation of  
30 freight and goods.

31 NEW SECTION. Sec. 302. A new section is added to chapter 47.05  
32 RCW to read as follows:

33 DESIGNATION OF STATE ROUTE NUMBER 509. The legislature designates  
34 that portion of state route number 509 that runs or will run from state  
35 route number 518 in the north to the intersection with interstate 5 in  
36 the south as a state highway of statewide significance.

NEW SECTION.   **Sec. 303.**   A new section is added to chapter 47.05 RCW to read as follows:

DESIGNATION OF HIGHWAYS OF REGIONAL SIGNIFICANCE.   Highways of regional significance may receive funding under the conditions of section 102(8)(c) of this act.   The following highways are of regional significance:

(1) That portion of state route number 9 that runs from state route number 522 in the south to state route number 531 in the north;

(2) That portion of state route number 524 that runs from state route number 5 easterly to state route number 522;

(3) That portion of state route number 704 from state route number 5 to state route number 7.

NEW SECTION.   **Sec. 304.**   A new section is added to chapter 47.17 RCW to read as follows:

DESIGNATION OF CROSS BASE HIGHWAY.   A state highway to be known as state route number 704 is established as follows:   Beginning at a junction with state route number 5 in south Pierce county, thence easterly across Fort Lewis to a junction with state route number 7.

#### IV.   FINANCE

NEW SECTION.   **Sec. 401.**   REGIONAL TRANSPORTATION INVESTMENT DISTRICT ACCOUNT.   The regional transportation investment district account is created in the custody of the state treasurer.   The purpose of this account is to act as an account into which may be deposited state money, if any, that may be used in conjunction with district money to fund transportation projects.   Additionally, the district may deposit funds into this account for disbursement, as appropriate, on transportation projects.   Nothing in this section requires any state matching money.   All money deposited in the regional transportation investment district account will be used for design, right of way acquisition, capital acquisition, and construction, or for the payment of debt service associated with these activities, for regionally funded transportation projects developed under this chapter.   Only the district may authorize expenditures from the account.   The account is subject to allotment procedures under chapter 43.88 RCW.   An appropriation is not required for expenditures from this account.

1       **Sec. 402.** RCW 43.84.092 and 2001 2nd sp.s. c 14 s 608, 2001 c 273  
2 s 6, 2001 c 141 s 3, and 2001 c 80 s 5 are each reenacted and amended  
3 to read as follows:

4       DEPOSIT OF SURPLUS BALANCE INVESTMENT EARNINGS--TREASURY INCOME  
5 ACCOUNT--ACCOUNTS AND FUNDS CREDITED. (1) All earnings of investments  
6 of surplus balances in the state treasury shall be deposited to the  
7 treasury income account, which account is hereby established in the  
8 state treasury.

9       (2) The treasury income account shall be utilized to pay or receive  
10 funds associated with federal programs as required by the federal cash  
11 management improvement act of 1990. The treasury income account is  
12 subject in all respects to chapter 43.88 RCW, but no appropriation is  
13 required for refunds or allocations of interest earnings required by  
14 the cash management improvement act. Refunds of interest to the  
15 federal treasury required under the cash management improvement act  
16 fall under RCW 43.88.180 and shall not require appropriation. The  
17 office of financial management shall determine the amounts due to or  
18 from the federal government pursuant to the cash management improvement  
19 act. The office of financial management may direct transfers of funds  
20 between accounts as deemed necessary to implement the provisions of the  
21 cash management improvement act, and this subsection. Refunds or  
22 allocations shall occur prior to the distributions of earnings set  
23 forth in subsection (4) of this section.

24       (3) Except for the provisions of RCW 43.84.160, the treasury income  
25 account may be utilized for the payment of purchased banking services  
26 on behalf of treasury funds including, but not limited to, depository,  
27 safekeeping, and disbursement functions for the state treasury and  
28 affected state agencies. The treasury income account is subject in all  
29 respects to chapter 43.88 RCW, but no appropriation is required for  
30 payments to financial institutions. Payments shall occur prior to  
31 distribution of earnings set forth in subsection (4) of this section.

32       (4) Monthly, the state treasurer shall distribute the earnings  
33 credited to the treasury income account. The state treasurer shall  
34 credit the general fund with all the earnings credited to the treasury  
35 income account except:

36       (a) The following accounts and funds shall receive their  
37 proportionate share of earnings based upon each account's and fund's  
38 average daily balance for the period: The capitol building  
39 construction account, the Cedar River channel construction and

1 operation account, the Central Washington University capital projects  
2 account, the charitable, educational, penal and reformatory  
3 institutions account, the common school construction fund, the county  
4 criminal justice assistance account, the county sales and use tax  
5 equalization account, the data processing building construction  
6 account, the deferred compensation administrative account, the deferred  
7 compensation principal account, the department of retirement systems  
8 expense account, the drinking water assistance account, the drinking  
9 water assistance administrative account, the drinking water assistance  
10 repayment account, the Eastern Washington University capital projects  
11 account, the education construction fund, the emergency reserve fund,  
12 the federal forest revolving account, the health services account, the  
13 public health services account, the health system capacity account, the  
14 personal health services account, the state higher education  
15 construction account, the higher education construction account, the  
16 highway infrastructure account, the industrial insurance premium refund  
17 account, the judges' retirement account, the judicial retirement  
18 administrative account, the judicial retirement principal account, the  
19 local leasehold excise tax account, the local real estate excise tax  
20 account, the local sales and use tax account, the medical aid account,  
21 the mobile home park relocation fund, the multimodal transportation  
22 account, the municipal criminal justice assistance account, the  
23 municipal sales and use tax equalization account, the natural resources  
24 deposit account, the oyster reserve land account, the perpetual  
25 surveillance and maintenance account, the public employees' retirement  
26 system plan 1 account, the public employees' retirement system combined  
27 plan 2 and plan 3 account, the public health supplemental account, the  
28 Puyallup tribal settlement account, the regional transportation  
29 investment district account, the resource management cost account, the  
30 site closure account, the special wildlife account, the state  
31 employees' insurance account, the state employees' insurance reserve  
32 account, the state investment board expense account, the state  
33 investment board commingled trust fund accounts, the supplemental  
34 pension account, the teachers' retirement system plan 1 account, the  
35 teachers' retirement system combined plan 2 and plan 3 account, the  
36 tobacco prevention and control account, the tobacco settlement account,  
37 the transportation infrastructure account, the tuition recovery trust  
38 fund, the University of Washington bond retirement fund, the University  
39 of Washington building account, the volunteer fire fighters' and

1 reserve officers' relief and pension principal fund, the volunteer fire  
2 fighters' and reserve officers' administrative fund, the Washington  
3 fruit express account, the Washington judicial retirement system  
4 account, the Washington law enforcement officers' and fire fighters'  
5 system plan 1 retirement account, the Washington law enforcement  
6 officers' and fire fighters' system plan 2 retirement account, the  
7 Washington school employees' retirement system combined plan 2 and 3  
8 account, the Washington state health insurance pool account, the  
9 Washington state patrol retirement account, the Washington State  
10 University building account, the Washington State University bond  
11 retirement fund, the water pollution control revolving fund, and the  
12 Western Washington University capital projects account. Earnings  
13 derived from investing balances of the agricultural permanent fund, the  
14 normal school permanent fund, the permanent common school fund, the  
15 scientific permanent fund, and the state university permanent fund  
16 shall be allocated to their respective beneficiary accounts. All  
17 earnings to be distributed under this subsection (4)(a) shall first be  
18 reduced by the allocation to the state treasurer's service fund  
19 pursuant to RCW 43.08.190.

20 (b) The following accounts and funds shall receive eighty percent  
21 of their proportionate share of earnings based upon each account's or  
22 fund's average daily balance for the period: The aeronautics account,  
23 the aircraft search and rescue account, the county arterial  
24 preservation account, the department of licensing services account, the  
25 essential rail assistance account, the ferry bond retirement fund, the  
26 grade crossing protective fund, the high capacity transportation  
27 account, the highway bond retirement fund, the highway safety account,  
28 the motor vehicle fund, the motorcycle safety education account, the  
29 pilotage account, the public transportation systems account, the Puget  
30 Sound capital construction account, the Puget Sound ferry operations  
31 account, the recreational vehicle account, the rural arterial trust  
32 account, the safety and education account, the special category C  
33 account, the state patrol highway account, the transportation equipment  
34 fund, the transportation fund, the transportation improvement account,  
35 the transportation improvement board bond retirement account, and the  
36 urban arterial trust account.

37 (5) In conformance with Article II, section 37 of the state  
38 Constitution, no treasury accounts or funds shall be allocated earnings  
39 without the specific affirmative directive of this section.



1        NEW SECTION.    **Sec. 403.**    A new section is added to chapter 47.56  
2    RCW to read as follows:

3        AUTHORIZATION FOR DISTRICT TO IMPOSE TOLLS.    Upon approval of a  
4    majority of the voters within its boundaries voting on the ballot  
5    proposition, and only for the purposes authorized in section 105(1)(f)  
6    of this act, a regional transportation investment district may impose  
7    vehicle tolls on state routes where improvements financed in whole or  
8    in part by a regional transportation investment district add additional  
9    lanes to, or reconstruct lanes on, a highway of statewide significance.  
10    The department shall administer the collection of vehicle tolls on  
11    designated facilities unless otherwise specified in law, and the state  
12    transportation commission, or its successor, shall be the tolling  
13    authority.

14        **Sec. 404.**    RCW 47.56.075 and 1984 c 7 s 252 are each amended to  
15    read as follows:

16        DEPARTMENT OF TRANSPORTATION AUTHORIZATION FOR DISTRICT TOLL  
17    FACILITIES.    The department shall approve for construction only such  
18    toll roads as the legislature specifically authorizes or such toll  
19    facilities as are specifically sponsored by a regional transportation  
20    investment district, city, town, or county.

21        NEW SECTION.    **Sec. 405.**    A new section is added to chapter 82.14  
22    RCW to read as follows:

23        SALES AND USE TAX.    (1) If approved by the majority of the voters  
24    within its boundaries voting on the ballot proposition, a regional  
25    transportation investment district may impose a sales and use tax of up  
26    to 0.5 percent of the selling price or value of the article used in the  
27    case of a use tax.    The tax authorized by this section is in addition  
28    to the tax authorized by RCW 82.14.030 and must be collected from those  
29    persons who are taxable by the state under chapters 82.08 and 82.12 RCW  
30    upon the occurrence of any taxable event within the taxing district.  
31    Motor vehicles are exempt from the sales and use tax imposed under this  
32    subsection.

33        (2) If approved by the majority of the voters within its boundaries  
34    voting on the ballot proposition, a regional transportation investment  
35    district may impose a tax on the use of a motor vehicle within a  
36    regional transportation investment district.    The tax applies to those  
37    persons who reside within the regional transportation investment

1 district. The rate of the tax may not exceed 0.5 percent of the value  
2 of the motor vehicle. The tax authorized by this subsection is in  
3 addition to the tax authorized under RCW 82.14.030 and must be imposed  
4 and collected at the time a taxable event under RCW 82.08.020(1) or  
5 82.12.020 takes place. All revenue received under this subsection must  
6 be deposited in the local sales and use tax account and distributed to  
7 the regional transportation investment district according to RCW  
8 82.14.050. The following provisions apply to the use tax in this  
9 subsection:

10 (a) Where persons are taxable under chapter 82.08 RCW, the seller  
11 shall collect the use tax from the buyer using the collection  
12 provisions of RCW 82.08.050.

13 (b) Where persons are taxable under chapter 82.12 RCW, the use tax  
14 must be collected using the provisions of RCW 82.12.045.

15 (c) "Motor vehicle" has the meaning provided in RCW 46.04.320, but  
16 does not include farm tractors or farm vehicles as defined in RCW  
17 46.04.180 and 46.04.181, off-road and nonhighway vehicles as defined in  
18 RCW 46.09.020, and snowmobiles as defined in RCW 46.10.010.

19 (d) "Person" has the meaning given in RCW 82.04.030.

20 (e) The value of a motor vehicle must be determined under RCW  
21 82.12.010.

22 (f) Except as specifically stated in this subsection (2), chapters  
23 82.12 and 82.32 RCW apply to the use tax. The use tax is a local tax  
24 imposed under the authority of chapter 82.14 RCW, and chapter 82.14 RCW  
25 applies fully to the use tax.

26 **Sec. 406.** RCW 82.14.050 and 1999 c 165 s 14 are each amended to  
27 read as follows:

28 CONTRACTS FOR COLLECTION OF SALES AND USE TAX. The counties,  
29 cities, and transportation authorities under RCW 82.14.045 (~~(and)~~),  
30 public facilities districts under chapters 36.100 and 35.57 RCW, and  
31 regional transportation investment districts shall contract, prior to  
32 the effective date of a resolution or ordinance imposing a sales and  
33 use tax, the administration and collection to the state department of  
34 revenue, which shall deduct a percentage amount, as provided by  
35 contract, not to exceed two percent of the taxes collected for  
36 administration and collection expenses incurred by the department. The  
37 remainder of any portion of any tax authorized by this chapter  
38 (~~(which)~~) that is collected by the department of revenue shall be

1 deposited by the state department of revenue in the local sales and use  
2 tax account hereby created in the state treasury. Moneys in the local  
3 sales and use tax account may be spent only for distribution to  
4 counties, cities, transportation authorities, ~~((and))~~ public facilities  
5 districts, and regional transportation investment districts imposing a  
6 sales and use tax. All administrative provisions in chapters 82.03,  
7 82.08, 82.12, and 82.32 RCW, as they now exist or may hereafter be  
8 amended, shall, insofar as they are applicable to state sales and use  
9 taxes, be applicable to taxes imposed pursuant to this chapter. Except  
10 as provided in RCW 43.08.190, all earnings of investments of balances  
11 in the local sales and use tax account shall be credited to the local  
12 sales and use tax account and distributed to the counties, cities,  
13 transportation authorities, ~~((and))~~ public facilities districts, and  
14 regional transportation investment districts monthly.

15 NEW SECTION. **Sec. 407.** A new section is added to chapter 82.32  
16 RCW to read as follows:

17 TRANSFER OF SALES TAX ON TOLL PROJECTS. (1) The tax imposed and  
18 collected under chapters 82.08 and 82.12 RCW, less any credits allowed  
19 under chapter 82.14 RCW, on initial construction for a transportation  
20 project to be constructed under chapter 36.-- RCW (sections 101 through  
21 118, 201, and 401 of this act), must be transferred to the  
22 transportation project to defray costs or pay debt service on that  
23 transportation project. In the case of a toll project, this transfer  
24 or credit must be used to lower the overall cost of the project and  
25 thereby the corresponding tolls.

26 (2) This transaction is exempt from the requirements in RCW  
27 43.135.035(4).

28 (3) Government entities constructing transportation projects under  
29 chapter 36.-- RCW (sections 101 through 118, 201, and 401 of this act)  
30 shall report to the department the amount of state sales or use tax  
31 covered under this section.

32 NEW SECTION. **Sec. 408.** A new section is added to chapter 82.80  
33 RCW to read as follows:

34 LOCAL OPTION VEHICLE LICENSE FEE. (1) Upon approval of a majority  
35 of the voters within its boundaries voting on the ballot proposition,  
36 a regional transportation investment district may set and impose an  
37 annual local option vehicle license fee, or a schedule of fees based

1 upon the age of the vehicle, of up to one hundred dollars per motor  
2 vehicle registered within the boundaries of the region on every motor  
3 vehicle. As used in this section "motor vehicle" has the meaning  
4 provided in RCW 46.04.320, but does not include farm tractors or farm  
5 vehicles as defined in RCW 46.04.180 and 46.04.181, off-road and  
6 nonhighway vehicles as defined in RCW 46.09.020, and snowmobiles as  
7 defined in RCW 46.10.010. Vehicles registered under chapter 46.87 RCW  
8 and the International Registration Plan are exempt from the annual  
9 local option vehicle license fee set forth in this section. The  
10 department of licensing shall administer and collect this fee on behalf  
11 of regional transportation investment districts and remit this fee to  
12 the custody of the state treasurer for monthly distribution under RCW  
13 82.80.080.

14 (2) The local option vehicle license fee applies only when renewing  
15 a vehicle registration, and is effective upon the registration renewal  
16 date as provided by the department of licensing.

17 (3) A regional transportation investment district imposing the  
18 local option vehicle license fee or initiating an exemption process  
19 shall enter into a contract with the department of licensing. The  
20 contract must contain provisions that fully recover the costs to the  
21 department of licensing for collection and administration of the fee.

22 (4) A regional transportation investment district imposing the  
23 local option fee shall delay the effective date of the local option  
24 vehicle license fee imposed by this section at least six months from  
25 the date of the final certification of the approval election to allow  
26 the department of licensing to implement the administration and  
27 collection of or exemption from the fee.

28 **Sec. 409.** RCW 81.100.010 and 1990 c 43 s 12 are each amended to  
29 read as follows:

30 DISTRICT AUTHORITY TO IMPOSE HIGH-OCCUPANCY VEHICLE TAXES. The  
31 need for mobility, growing travel demand, and increasing traffic  
32 congestion in urban areas necessitate accelerated development and  
33 increased utilization of the high-occupancy vehicle system. RCW  
34 81.100.030 and 81.100.060 provide taxing authority that counties or  
35 regional transportation investment districts can use in the near term  
36 to accelerate development and increase utilization of the  
37 high-occupancy vehicle system by supplementing available federal,  
38 state, and local funds.

1       **Sec. 410.** RCW 81.100.030 and 1991 c 363 s 153 are each amended to  
2 read as follows:

3       DISTRICT AUTHORITY TO IMPOSE HIGH-OCCUPANCY VEHICLE EMPLOYER TAX.

4       (1) A county with a population of one million or more, or a county with  
5 a population of from two hundred ten thousand to less than one million  
6 that is adjoining a county with a population of one million or more,  
7 and having within its boundaries existing or planned high-occupancy  
8 vehicle lanes on the state highway system, or a regional transportation  
9 investment district for capital improvements, but only to the extent  
10 that the tax has not already been imposed by the county, may, with  
11 voter approval impose an excise tax of up to two dollars per employee  
12 per month on all employers or any class or classes of employers, public  
13 and private, including the state located in the agency's jurisdiction,  
14 measured by the number of full-time equivalent employees. In no event  
15 may the total taxes imposed under this section exceed two dollars per  
16 employee per month for any single employer. The county or investment  
17 district imposing the tax authorized in this section may provide for  
18 exemptions from the tax to such educational, cultural, health,  
19 charitable, or religious organizations as it deems appropriate.

20       Counties or investment districts may contract with the state  
21 department of revenue or other appropriate entities for administration  
22 and collection of the tax. Such contract shall provide for deduction  
23 of an amount for administration and collection expenses.

24       (2) The tax shall not apply to employment of a person when the  
25 employer has paid for at least half of the cost of a transit pass  
26 issued by a transit agency for that employee, valid for the period for  
27 which the tax would otherwise be owed.

28       (3) A county or investment district shall adopt rules (~~(which)~~)  
29 that exempt from all or a portion of the tax any employer that has  
30 entered into an agreement with the county or investment district that  
31 is designed to reduce the proportion of employees who drive in single-  
32 occupant vehicles during peak commuting periods in proportion to the  
33 degree that the agreement is designed to meet the goals for the  
34 employer's location adopted under RCW 81.100.040.

35       The agreement shall include a list of specific actions that the  
36 employer will undertake to be entitled to the exemption. Employers  
37 having an exemption from all or part of the tax through this subsection  
38 shall annually certify to the county or investment district that the

1 employer is fulfilling the terms of the agreement. The exemption  
2 continues as long as the employer is in compliance with the agreement.

3 If the tax authorized in RCW 81.100.060 is also imposed (~~((by the~~  
4 ~~county))~~), the total proceeds from both tax sources each year shall not  
5 exceed the maximum amount which could be collected under RCW  
6 81.100.060.

7 **Sec. 411.** RCW 81.100.060 and 1998 c 321 s 34 are each amended to  
8 read as follows:

9 DISTRICT AUTHORITY TO IMPOSE HIGH-OCCUPANCY VEHICLE MOTOR VEHICLE  
10 EXCISE TAX. A county with a population of one million or more and a  
11 county with a population of from two hundred ten thousand to less than  
12 one million that is adjoining a county with a population of one million  
13 or more, having within their boundaries existing or planned  
14 high-occupancy vehicle lanes on the state highway system, or a regional  
15 transportation investment district for capital improvements, but only  
16 to the extent that the surcharge has not already been imposed by the  
17 county, may, with voter approval, impose a local surcharge of not more  
18 than (~~((13.64 percent on the state motor vehicle excise tax paid under~~  
19 ~~RCW 82.44.020(1))~~) three-tenths of one percent of the value on vehicles  
20 registered to a person residing within the county and not more than  
21 13.64 percent on the state sales and use taxes paid under the rate in  
22 RCW 82.08.020(2) on retail car rentals within the county or investment  
23 district. A county may impose the surcharge only to the extent that it  
24 has not been imposed by the district. No surcharge may be imposed on  
25 vehicles licensed under RCW 46.16.070 except vehicles with an unladen  
26 weight of six thousand pounds or less, RCW 46.16.079, 46.16.085, or  
27 46.16.090.

28 Counties or investment districts imposing a tax under this section  
29 shall contract, before the effective date of the resolution or  
30 ordinance imposing a surcharge, administration and collection to the  
31 state department of licensing, and department of revenue, as  
32 appropriate, which shall deduct an amount, as provided by contract, for  
33 administration and collection expenses incurred by the department. All  
34 administrative provisions in chapters 82.03, 82.32, and 82.44 RCW  
35 shall, insofar as they are applicable to (~~(state)~~) motor vehicle excise  
36 taxes, be applicable to surcharges imposed under this section. All  
37 administrative provisions in chapters 82.03, 82.08, 82.12, and 82.32

1 RCW shall, insofar as they are applicable to state sales and use taxes,  
2 be applicable to surcharges imposed under this section.

3 If the tax authorized in RCW 81.100.030 is also imposed (~~((by the~~  
4 ~~county))~~), the total proceeds from tax sources imposed under this  
5 section and RCW 81.100.030 each year shall not exceed the maximum  
6 amount which could be collected under this section.

7 **Sec. 412.** RCW 82.80.030 and 1990 c 42 s 208 are each amended to  
8 read as follows:

9 DISTRICT AUTHORITY TO IMPOSE PARKING TAX. (1) Subject to the  
10 conditions of this section, the legislative authority of a county  
11 (~~((or))~~), city, or district may fix and impose a parking tax on all  
12 persons engaged in a commercial parking business within its respective  
13 jurisdiction. A city or county may impose the tax only to the extent  
14 that it has not been imposed by the district, and a district may impose  
15 the tax only to the extent that it has not been imposed by a city or  
16 county. The jurisdiction of a county, for purposes of this section,  
17 includes only the unincorporated area of the county. The jurisdiction  
18 of a city, or district includes only the area within its  
19 (~~((incorporated))~~) boundaries.

20 (2) In lieu of the tax in subsection (1) of this section, a city  
21 (~~((or))~~), a county in its unincorporated area, or a district may fix and  
22 impose a tax for the act or privilege of parking a motor vehicle in a  
23 facility operated by a commercial parking business.

24 The city (~~((or))~~), county, or district may provide that:

25 (a) The tax is paid by the operator or owner of the motor vehicle;

26 (b) The tax applies to all parking for which a fee is paid, whether  
27 paid or leased, including parking supplied with a lease of  
28 nonresidential space;

29 (c) The tax is collected by the operator of the facility and  
30 remitted to the city (~~((or))~~), county, or district;

31 (d) The tax is a fee per vehicle or is measured by the parking  
32 charge;

33 (e) The tax rate varies with zoning or location of the facility,  
34 the duration of the parking, the time of entry or exit, the type or use  
35 of the vehicle, or other reasonable factors; and

36 (f) Tax exempt carpools, vehicles with handicapped decals, or  
37 government vehicles are exempt from the tax.

1 (3) "Commercial parking business" as used in this section, means  
2 the ownership, lease, operation, or management of a commercial parking  
3 lot in which fees are charged. "Commercial parking lot" means a  
4 covered or uncovered area with stalls for the purpose of parking motor  
5 vehicles.

6 (4) The rate of the tax under subsection (1) of this section may be  
7 based either upon gross proceeds or the number of vehicle stalls  
8 available for commercial parking use. The rates charged must be  
9 uniform for the same class or type of commercial parking business.

10 (5) The county (~~(or)~~), city, or district levying the tax provided  
11 for in subsection (1) or (2) of this section may provide for its  
12 payment on a monthly, quarterly, or annual basis. Each local  
13 government may develop by ordinance or resolution rules for  
14 administering the tax, including provisions for reporting by commercial  
15 parking businesses, collection, and enforcement.

16 (6) The proceeds of the commercial parking tax fixed and imposed by  
17 a city or county under subsection (1) or (2) of this section shall be  
18 used strictly for transportation purposes in accordance with RCW  
19 82.80.070. The proceeds of the parking tax imposed by a district must  
20 be used as provided in chapter 36.-- RCW (sections 101 through 118,  
21 201, and 401 of this act).

22 **Sec. 413.** RCW 82.80.070 and 1991 c 141 s 4 are each amended to  
23 read as follows:

24 REQUIRES THAT LOCAL OPTION TAXES IMPOSED BY DISTRICT BE USED FOR  
25 DISTRICT TRANSPORTATION PROJECTS. (1) The proceeds collected pursuant  
26 to the exercise of the local option authority of RCW 82.80.010,  
27 82.80.020, 82.80.030, and 82.80.050 (hereafter called "local option  
28 transportation revenues") shall be used for transportation purposes  
29 only, including but not limited to the following: The operation and  
30 preservation of roads, streets, and other transportation improvements;  
31 new construction, reconstruction, and expansion of city streets, county  
32 roads, and state highways and other transportation improvements;  
33 development and implementation of public transportation and high-  
34 capacity transit improvements and programs; and planning, design, and  
35 acquisition of right of way and sites for such transportation purposes.  
36 The proceeds collected from excise taxes on the sale, distribution, or  
37 use of motor vehicle fuel and special fuel under RCW 82.80.010 shall be



1 used exclusively for "highway purposes" as that term is construed in  
2 Article II, section 40 of the state Constitution.

3 (2) The local option transportation revenues shall be expended for  
4 transportation uses consistent with the adopted transportation and land  
5 use plans of the jurisdiction expending the funds and consistent with  
6 any applicable and adopted regional transportation plan for  
7 metropolitan planning areas.

8 (3) Each local government with a population greater than eight  
9 thousand that levies or expends local option transportation funds, is  
10 also required to develop and adopt a specific transportation program  
11 that contains the following elements:

12 (a) The program shall identify the geographic boundaries of the  
13 entire area or areas within which local option transportation revenues  
14 will be levied and expended.

15 (b) The program shall be based on an adopted transportation plan  
16 for the geographic areas covered and shall identify the proposed  
17 operation and construction of transportation improvements and services  
18 in the designated plan area intended to be funded in whole or in part  
19 by local option transportation revenues and shall identify the annual  
20 costs applicable to the program.

21 (c) The program shall indicate how the local transportation plan is  
22 coordinated with applicable transportation plans for the region and for  
23 adjacent jurisdictions.

24 (d) The program shall include at least a six-year funding plan,  
25 updated annually, identifying the specific public and private sources  
26 and amounts of revenue necessary to fund the program. The program  
27 shall include a proposed schedule for construction of projects and  
28 expenditure of revenues. The funding plan shall consider the  
29 additional local tax revenue estimated to be generated by new  
30 development within the plan area if all or a portion of the additional  
31 revenue is proposed to be earmarked as future appropriations for  
32 transportation improvements in the program.

33 (4) Local governments with a population greater than eight thousand  
34 exercising the authority for local option transportation funds shall  
35 periodically review and update their transportation program to ensure  
36 that it is consistent with applicable local and regional transportation  
37 and land use plans and within the means of estimated public and private  
38 revenue available.

1 (5) In the case of expenditure for new or expanded transportation  
2 facilities, improvements, and services, priorities in the use of local  
3 option transportation revenues shall be identified in the  
4 transportation program and expenditures shall be made based upon the  
5 following criteria, which are stated in descending order of weight to  
6 be attributed:

7 (a) First, the project serves a multijurisdictional function;

8 (b) Second, it is necessitated by existing or reasonably  
9 foreseeable congestion;

10 (c) Third, it has the greatest person-carrying capacity;

11 (d) Fourth, it is partially funded by other government funds, such  
12 as from the state transportation improvement board, or by private  
13 sector contributions, such as those from the local transportation act,  
14 chapter 39.92 RCW; and

15 (e) Fifth, it meets such other criteria as the local government  
16 determines is appropriate.

17 (6) It is the intent of the legislature that as a condition of  
18 levying, receiving, and expending local option transportation revenues,  
19 no local government agency use the revenues to replace, divert, or loan  
20 any revenues currently being used for transportation purposes to  
21 nontransportation purposes. The association of Washington cities and  
22 the Washington state association of counties, in consultation with the  
23 legislative transportation committee, shall study the issue of  
24 nondiversion and make recommendations to the legislative transportation  
25 committee for language implementing the intent of this section by  
26 December 1, 1990.

27 (7) Local governments are encouraged to enter into interlocal  
28 agreements to jointly develop and adopt with other local governments  
29 the transportation programs required by this section for the purpose of  
30 accomplishing regional transportation planning and development.

31 (8) Local governments may use all or a part of the local option  
32 transportation revenues for the amortization of local government  
33 general obligation and revenue bonds issued for transportation purposes  
34 consistent with the requirements of this section.

35 (9) Subsections (1) through (8) of this section do not apply to a  
36 regional transportation investment district imposing a tax or fee under  
37 the local option authority of this chapter. Proceeds collected under  
38 the exercise of local option authority under this chapter by a district

1 must be used in accordance with chapter 36.-- RCW (sections 101 through  
2 118, 201, and 401 of this act).

3       **Sec. 414.** RCW 82.80.080 and 1998 c 281 s 2 are each amended to  
4 read as follows:

5       LOCAL OPTION TAX REVENUE DISTRIBUTION. (1) The state treasurer  
6 shall distribute revenues, less authorized deductions, generated by the  
7 local option taxes authorized in RCW 82.80.010 and 82.80.020, levied by  
8 counties to the levying counties, and cities contained in those  
9 counties, based on the relative per capita population. County  
10 population for purposes of this section is equal to one and one-half of  
11 the unincorporated population of the county. In calculating the  
12 distributions, the state treasurer shall use the population estimates  
13 prepared by the state office of financial management and shall further  
14 calculate the distribution based on information supplied by the  
15 departments of licensing and revenue, as appropriate.

16       (2) The state treasurer shall distribute revenues, less authorized  
17 deductions, generated by the local option taxes authorized in RCW  
18 82.80.010 and 82.80.020 levied by qualifying cities and towns to the  
19 levying cities and towns.

20       (3) The state treasurer shall distribute to the district revenues,  
21 less authorized deductions, generated by the local option taxes under  
22 RCW 82.80.010 or fees under section 408 of this act levied by a  
23 district.

24       NEW SECTION. **Sec. 415.** A new section is added to chapter 82.80  
25 RCW to read as follows:

26       DISTRICT DEFINED FOR LOCAL TAXES. For the purposes of this  
27 chapter, "district" means a regional transportation investment district  
28 created under chapter 36.-- RCW (sections 101 through 118, 201, and 401  
29 of this act).

30                                   **V. OTHER PROVISIONS**

31       NEW SECTION. **Sec. 501.** CAPTIONS AND SUBHEADINGS. Captions and  
32 subheadings used in this act are not part of the law.

33       NEW SECTION. **Sec. 502.** CODIFICATION. Sections 101 through 118,  
34 201, and 401 of this act constitute a new chapter in Title 36 RCW.

1        NEW SECTION.    **Sec. 503.**    SEVERABILITY.    If any provision of this  
2 act or its application to any person or circumstance is held invalid,  
3 the remainder of the act or the application of the provision to other  
4 persons or circumstances is not affected.

5        **\*NEW SECTION.    Sec. 504.    NULL AND VOID.    This act is null and void**  
6 ***if a transportation revenue act containing new or additional revenue***  
7 ***does not become law by December 31, 2002.***

8        **\*Sec. 504 was vetoed.    See message at end of chapter.**

         Passed the Senate March 14, 2002.

         Passed the House March 14, 2002.

         Approved by the Governor March 21, 2002, with the exception of  
   certain items that were vetoed.

         Filed in Office of Secretary of State March 21, 2002.

1        Note:    Governor's explanation of partial veto is as follows:

2        "I am returning herewith, without my approval as to section 504,  
3 Engrossed Second Substitute Senate Bill No. 6140 entitled:

4        "AN ACT Relating to the creation of regional transportation  
5 investment districts;"

6        Engrossed Second Substitute Senate Bill No. 6140 allows voters of  
7 the three central Puget Sound counties to adopt a transportation  
8 funding and investment plan for their region.    Section 504 would have  
9 rendered the entire bill - and perhaps even a majority vote in the  
10 region - null and void if a statewide transportation act containing new  
11 revenue does not become law by December 31, 2002.    A statewide  
12 transportation act has been referred to the ballot for November 2002.

13        Section 504 of the bill creates legal issues that could thwart any  
14 transportation solution that the voters may approve.    By vetoing this  
15 section, the three central Puget Sound counties will retain a dynamic  
16 new tool to begin to address their most pressing transportation needs,  
17 regardless of the outcome of the statewide referendum.    The three  
18 central Puget Sound counties are major contributors to our state's  
19 economy, yet this same area suffers from some of the worst traffic  
20 congestion in the country.    It should not be restrained from moving  
21 forward on its own if the rest of the state is unwilling.

22        Make no mistake, however:    I pledge to work vigorously for the  
23 passage of the statewide transportation referendum.    Even if the  
24 central Puget Sound region employs all of the new revenue authority  
25 provided by this bill, it is only a part of the solution.    Statewide  
26 revenues are still essential for these three counties, as well as the  
27 rest of the state.

28        In addition, I will continue to work with the Legislature to expand  
29 the regional transportation funding authority, created by this bill, to  
30 other regions of our state.

31        For these reasons, I have vetoed section 504 of Engrossed Second  
32 Substitute Senate Bill No. 6140.

1       With the exception of section 504, Engrossed Second Substitute  
2 Senate Bill No. 6140 is approved."